

# **Southwestern Power Administration**

**Department of Energy**  
**FY 1998 Budget Request to Congress**  
(discretionary dollars in thousands)

	FY 1996 Current Appropriation	FY 1996 Comparable Appropriation	FY 1997 Current Appropriation	FY 1997 Comparable Appropriation	FY 1998 Request
<b>Power Marketing Administrations:</b>					
Alaska Power Administration					
Alaska power administration	4,245	4,245	4,000	4,000	1,000
Transition and termination	5,500	5,500	—	—	—
Total, Alaska Power Administration	9,745	9,745	4,000	4,000	1,000
Southeastern power administration	29,851	29,851	27,445	27,445	16,222
Southwestern power administration	30,702	30,702	27,804	27,804	26,500
Western Area Power Administration					
Western area power administration	275,939	276,282	248,691	248,691	229,964
Transfer of current authority from DOI	4,556	4,556	3,774	3,774	—
Total, Western Area Power Administration	280,495	280,838	252,465	252,465	229,964
Falcon & Amistad Operating & Maintenance Fund	1,000	1,000	970	970	1,065
Colorado River Basin Power Marketing Fund					
Spending authority from offsetting collections	123,276	123,276	120,431	120,431	124,786
Offsetting collections	-123,276	-123,276	-130,431	-130,431	-140,884
Total, Colorado River Basin	—	—	-10,000	-10,000	-16,098
Subtotal, Power Marketing Administrations:	351,793	352,136	302,684	302,684	258,653
Use of prior year balances	-35,210	-35,210	-68,789	-68,789	-21,630
Total, Power Marketing Administrations	316,583	316,926	233,895	233,895	237,023
<i>Bonneville Power Administration (non-add)</i>					
Budget authority	(-194,000)	(-194,000)	(-14,000)	(-14,000)	(-41,000)
Capital obligations	(161,000)	(161,000)	(277,000)	(277,000)	(253,000)

DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST

Proposed Appropriation Language

Operation and Maintenance, Southwestern Power Administration

For necessary expenses of operation and maintenance of power transmission facilities and of marketing electric power and energy, and for construction and acquisition of transmission lines, substations and appurtenant facilities, and for administrative expenses, including official reception and representation expenses in an amount not to exceed \$1,500 connected therewith, in carrying out the provisions of Section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), as applied to the southwestern power area, [\$25,210,000] \$26,500,000, to remain available until expended; in addition, notwithstanding the provisions of 31 U.S.C. 3302, not to exceed [\$3,787,000] \$4,650,000 in reimbursements, to remain available until expended.

DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
SOUTHWESTERN POWER ADMINISTRATION

EXECUTIVE BUDGET SUMMARY

Mission

As part of the Department of Energy's Energy Resources cluster, Southwestern Power Administration fulfills requirements of Section 5 of the Flood Control Act of 1944 by marketing and delivering hydroelectric power in a six-State regional area from 24 multi-purpose Federal power projects operated by the U.S. Army Corps of Engineers; by operating a reliable, efficient, and safe transmission system with maximum service to customers; by recovering the Federal power system investment plus interest and all operational costs; and by encouraging energy efficiency for the benefit of the region. The mission will be accomplished by 189 Federal employees, 45 Contractor employees, budget authority of \$26,500,000, and reimbursable authority of \$4,650,000.

Southwestern markets power at wholesale rates primarily to publicly and cooperatively owned electric utilities. To integrate the operation of the hydroelectric generating plants and to transmit power from the dams to its customers, Southwestern maintains 1,380 miles (2,220 kilometers) of high-voltage transmission lines, 24 substations, and 46 microwave and VHF radio sites. Southwestern's headquarters is in Tulsa, Oklahoma; its dispatch center is in Springfield, Missouri; and its maintenance crews are based in Jonesboro, Arkansas; Gore and Tupelo, Oklahoma; and Springfield, Missouri.

Southwestern's overall goal is to market and reliably deliver all available hydropower at the lowest possible cost in an environmentally safe manner in accordance with sound business principles.

The objectives related to this goal are to:

- Increase efforts in the electric utility planning process for the region and maintain Southwestern's system to meet industry reliability standards.
- Seek opportunities to make more efficient use of existing resources in the Southwest region.
- Minimize the rate impact of Federal power system costs and changes in repayment practices that could adversely affect the economy of rural communities.
- Increase efforts in working with competing water users through participation and involvement in regional water resource planning groups and committees to balance the interests of all parties.
- Review Southwestern's organizational structure to ensure that efficiency, effectiveness, and reliability of services are provided in a manner consistent with a Total Quality Management organization.
- Continue to give early consideration to the environmental consequences of all decisions.

- Take action to maintain a diverse workforce of flexible, problem-solving, empowered employees.
- Achieve system reliability that meets or exceeds contract obligations, industry standards, and customer expectations.

### Strategy

Southwestern's mission will be accomplished through four program activities: Operations and Maintenance, Construction, Purchased Power and Wheeling, and Program Direction. In addition, Southwestern proposes to perform reimbursable work activities, both Federal and non-Federal.

### FY 1996 Accomplishments (Results of Performance Measurements)

- Southwestern attained the North American Electric Reliability Council (NERC) control performance honor roll with a performance accuracy of 96.3 percent.
- Lost time injury frequency rate was .73 compared to the industry average of 2.0.
- Operating costs exceeded the rate of inflation by two percent due to Southwestern's efforts to cost obligations in the year funds were appropriated.
- Planned repayment of the Federal Investment was not met due to below average water conditions.
- Total proprietary receipts were \$80,678,000, produced from the sale of 4000 GWhs of hydroelectric energy, well below the hydroelectric energy expected to be marketed in an average water year.

### FY 1997 Accomplishments (Planned)

- Southwestern will attain an overall customer satisfaction rating of 84 percent and a satisfactory rating increase of ten percent in the billing process.
- Training hours per employee will increase by ten percent with a decrease of ten percent in training costs.
- New hires from under-utilized groups will be increased by 25 percent.
- Total number of work days lost due to reportable accidents will not exceed 50 work days.
- Uncosted obligations will not exceed 35 percent of annual costs.
- Disposal of 100 percent of all identified hazardous waste will be accomplished.
- Participation in work-related organizational activities in the local community will be accomplished by at least 65 percent of employees.
- Southwestern does not expect to incur more than 150 minutes of total outages per year for 95 percent of the points of delivery.
- Indirect and overhead expenses from prior year will be reduced by ten percent to allow funds to be reprioritized for improved efficiencies.
- Hourly inadvertent power flow will be less than 14 MW for 90 percent of all hours delivered.
- Southwestern will accomplish all scheduled maintenance as allowed by weather conditions and established priorities.

### FY 1998 Accomplishments (Planned)

- The previous year's accomplishments are valid for FY 1998, subject to Southwestern's annual performance measurements review.

### Major Changes

- Southwestern continues to streamline under its Organization 2000 Plus planning efforts. Organization 2000 Plus is an internal business plan designed to assist Southwestern in continuing to produce power at the lowest possible cost in compliance with present Federal mandates, and to prepare for the changes in the utility business. This effort is designed to improve communications and coordination between engineering, maintenance, and operations, further reduce the number of supervisors, continue to improve processes, and reduce overhead operating costs.
- Southwestern's customers have expressed an interest in assuring that reliable hydroelectric service be continued in the future. Through cooperative efforts with its customers, Southwestern will make use of its reimbursable authority and net billing capabilities to maintain the Federal investment in the transmission facilities and assure reliable service to the region. System replacements that are beneficial to all of Southwestern's customers will be considered as potential projects to be funded by the customers on a reimbursable basis.
- Southwestern has significantly reduced its Purchased Power and Wheeling requirements due to the expiration of contracts for the purchase of wheeling services and power and energy delivered to customers not connected to Southwestern's transmission system.
- Through the efforts of Southwestern's Uncosted Balances Working Team, new procedures in the procurement and financial areas are targeted to the timeliness of costing obligations. Uncosted balances in FY 1996 have been reduced by 42 percent compared to FY 1995.
- Starting in FY 1998, the Southwestern Power Administration will set rates, consistent with current law, to begin to recover the full cost of the Civil Service Retirement System and Post-Retirement Health Benefits for its employees that have not been recovered in the past. The estimated increase in receipts to the Treasury is \$2 million annually.

### Major Issues

- Federal Energy Regulatory Commission Rules 888 and 889, and the National Energy Policy Act of 1992 significantly impact generation, transmission, and ancillary services provided by electrical utilities including Southwestern. Southwestern will have to restructure its rates and may have to allocate more resources to accommodate the new requirements.
- To meet the challenges of budget reductions and growing requirements to maintain and upgrade facilities, Southwestern is continuing to work with its customers in exploring possible alternative funding mechanisms to replace existing appropriations.

- Southwestern continues to successfully balance the interests of hydropower recipients with the interests of other water users by participating in numerous water resource committees and work groups to develop mutually beneficial operating plans; by funding research, plant modifications and monitoring in order to provide for both electrical production and competing user needs; and by educating the public through presentations and materials that provide the hydropower perspective.

#### Performance Measurements

- Customer service as measured by competitive power rate and improved customer service.
- Work environment as measured by the ability to attract a diverse, flexible, highly competent workforce, increased employee development, and an improved safety record.
- Public trust as measured by environmental compliance and enhanced community participation.
- Reliability as measured by the system interruption index, power flow, and efficient maintenance scheduling.

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Michael A. Deihl  
Administrator, Southwestern Power Administration

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Date

**DEPARTMENT OF ENERGY**  
**FY 1998 CONGRESSIONAL BUDGET REQUEST**  
**SOUTHWESTERN POWER ADMINISTRATION**  
**(Tabular dollars in thousands, Narrative in whole dollars)**

**SOUTHWESTERN POWER ADMINISTRATION**

**PROGRAM MISSION**

The Southwestern Power Administration fulfills requirements of Section 5 of the Flood Control Act of 1944 by marketing and delivering hydroelectric power in a six-state regional area from 24 multipurpose Federal power projects operated by the U.S. Army Corps of Engineers; by operating a reliable, efficient, and safe transmission system with maximum service to customers; by recovering the Federal power system investment plus interest and all operational costs; and by encouraging energy efficiency for the benefit of the region. The mission will be accomplished by 189 Federal employees, 45 Contractor employees, a budget authority of \$26,500,000, and reimbursable authority of \$4,650,000.

Southwestern markets power at wholesale rates primarily to publicly and cooperatively owned electric utilities. To integrate the operation of the hydroelectric generating plants and to transmit power from the dams to its customers, Southwestern maintains 1,380 miles (2,220 kilometers) of high-voltage transmission lines, 24 substations, and 46 microwave and VHF radio sites. Southwestern's headquarters is in Tulsa, Oklahoma; its dispatch center is in Springfield, Missouri; and its maintenance crews are based in Jonesboro, Arkansas; Gore and Tupelo, Oklahoma; and Springfield, Missouri.

As in previous years, the budget supports the performance of work for others activities on a fully reimbursable basis. This authority reduces Southwestern's need for new appropriations while encouraging initiatives to enhance transmission system capacity and assuring reliable delivery of Federal power, respond to emergency requests for assistance from customers, and provide services to other Federal entities.

Southwestern's program is divided into four program activities: Operations and Maintenance, Construction, Purchased Power and Wheeling, and Program Direction. These activities are described in their respective program performance summaries.

The GOAL of the Southwestern program is to:

Market and reliably deliver all available hydroelectric power at the lowest possible rates in an environmentally safe manner and in accordance with sound business principles.



Program Mission: SOUTHWESTERN POWER ADMINISTRATION (Cont'd)

The OBJECTIVES related to this goal are:

- Increase efforts in the electric utility planning process for the region and maintain Southwestern's system to meet industry reliability standards.
- Seek opportunities to make more efficient use of existing resources in the Southwest region.
- Minimize the rate impact of Federal power system costs and changes in repayment practices that could adversely affect the economy of rural communities.
- Increase efforts in working with competing water users through participation and involvement in regional water resource planning groups and committees to balance the interests of all parties.
- Review Southwestern's organizational structure to ensure that efficiency, effectiveness, and reliability of services are provided in a manner consistent with a Total Quality Management organization.
- Continue to give early consideration to the environmental consequences of all decisions.
- Take action to maintain a diverse workforce of flexible, problem-solving empowered employees.
- Achieve system reliability that meets or exceeds contract obligations, industry standards, and customer expectations.

PERFORMANCE MEASURES/OUTPUTS:

Based on the results of a customer survey and an initiative to compare our performance with other utilities, Southwestern developed four subgoals supported by ten measurable performance indicators. The FY 1997 performance measures are valid for use in FY 1998 subject to Southwestern's annual performance measurement review.

The four subgoals and related performance indicators are as follows:

- (1) Customer satisfaction as measured by competitive power sale rate and improved customer service:
  - Reduction of ten percent in indirect and overhead expenses from prior year to allow funds to be reprioritized for improved efficiencies.
  - Overall performance rating of 84 percent or greater.
  - Satisfactory rating increase of ten percent in the billing process.
  - Uncosted obligations will not exceed 35 percent of annual cost.
- (2) Work environment as measured by the ability to attract a diverse, flexible highly competent workforce, increased employee development, and an improved safety record:
  - 25 percent of all new hires to be from under utilized groups.

#### PERFORMANCE MEASURES/OUTPUTS (Cont'd):

- Increase training hours by ten percent while decreasing training costs by ten percent.
  - Total number of work days lost due to reportable accidents will not exceed 50 work days.
- (3) Public trust as measured by environmental compliance, and enhanced community participation.
- To remove 100 percent of all identified hazardous waste.
  - To have 65 percent of all employees participating in work related organizational activities in the local community.
- (4) Reliability as measured by increased reliability of the integrated power system.
- Not more than 150 minutes total outages per year for 95 percent of Points of Delivery.
  - All scheduled maintenance as allowed by weather conditions and established priorities will be accomplished.
  - Hourly inadvertent power flow will be less than 14 MW for 90 percent of all hours delivered.

The needs of our customers are of utmost importance to us. By focusing our efforts on organizational and process measurements and by expanding methods for eliciting customer feedback, Southwestern will be in a much better position to anticipate and respond to future needs within the utility industry.

#### SIGNIFICANT ACCOMPLISHMENTS AND PROGRAM SHIFTS:

- Southwestern continues to streamline under its Organization 2000 Plus planning efforts. Organization 2000 Plus is an internal business plan designed to assist Southwestern to continue to market power at the lowest possible cost in compliance with present Federal mandates, and to prepare for the changes in the utility business. These efforts will improve communications and coordination between engineering, maintenance, and operations, further reduce the number of supervisors, continue to improve processes, and reduce overhead operating costs.
- Federal Energy Regulatory Commission Rules 888 and 889, and the National Energy Policy Act of 1992 significantly impact generation, transmission, and ancillary services provided by electrical utilities including Southwestern. Southwestern will have to restructure its rates and may have to allocate more resources to accommodate the new requirements.
- To meet the challenges of budget reductions and growing requirements to upgrade facilities, Southwestern is continuing to work with its customers in exploring possible alternative funding mechanisms to replace existing appropriations.

#### SIGNIFICANT ACCOMPLISHMENTS AND PROGRAM SHIFTS (Cont'd):

- Southwestern's customers have expressed an interest in assuring that reliable hydroelectric service be continued in the future. Through cooperative efforts with its customers, Southwestern will make use of its reimbursable authority and net billing capabilities to maintain the Federal investment in its transmission facilities and assure reliable service to the region. System replacements that are beneficial to all Southwestern's customers will be considered as potential projects to be funded by the customers on a reimbursable basis.
- Southwestern continues to successfully balance the interests of hydropower recipients with the interests of other water users by participating in numerous water resource committees and work groups to develop mutually beneficial operating plans; by funding research, plant modifications and monitoring in order to provide for both electrical production and competing user needs; and by educating the public through presentations and materials that provide the hydropower perspective. Through its efforts, Southwestern has successfully gained seasonal use of water storage to help offset the impacts of modified operating plans that adversely affect hydropower generation.
- As contracts expire for the purchase of wheeling services and power and energy delivered to customers not connected to Southwestern's transmission system and through the continued use of energy banks to meet average year purchases, Southwestern has been able to significantly reduce its Purchased Power and Wheeling requirements.
- Through Southwestern's efforts to improve the rate of costing obligations, uncosted balances were reduced by approximately 42 percent in FY 1996 compared to FY 1995.
- Starting in FY 1998, the Southwestern Power Administration will set rates, consistent with current law, to begin to recover the full cost of the Civil Service Retirement System and Post-Retirement Health Benefits for its employees that have not been recovered in the past. The estimated increase in receipts to the Treasury is \$2 million annually.

# SOUTHWESTERN POWER ADMINISTRATION

## PROGRAM FUNDING PROFILE

(Dollars in Thousands)

<u>Sub-program</u>	<u>FY 1996 Current Appropriation</u>	<u>FY 1997 Original Appropriation</u>	<u>FY 1997 Adjustments</u>	<u>FY 1997 Current Appropriation</u>	<u>FY 1998 Budget Request</u>
Operations and Maintenance					
Operating Expenses	\$ 20,851 <u>a/</u>	\$ 2,793	\$ 0	\$ 2,793	\$ 2,382
Purchase Power and Wheeling					
Operating Expenses	\$ 1,630 <u>b/</u>	\$ 1,095	\$ 0	\$ 1,095	\$ 57
Construction					
Operating Expenses	\$ 8,221 <u>c/</u>	\$ 6,054	\$ 0	\$ 6,054	\$ 6,752
Program Direction					
Operating Expenses	\$ 0	\$ 17,862	\$ 0	\$ 17,862	\$ 17,309
Subtotal,	\$ 30,702	\$ 27,804	\$ 0	\$ 27,804	\$ 26,500
Southwestern Power Administration					
Adjustment	\$ (970) <u>d/</u>	\$ (2,594) <u>e/</u>	\$ 0	\$ (2,594) <u>e/</u>	\$
TOTAL	\$ <u>29,732</u>	\$ <u>25,210</u>	\$ <u>0</u>	\$ <u>25,210</u>	\$ <u>26,500</u>

a/ Reflects prior year funds of \$53,718 and rescission of \$46,000.

b/ Reflects prior year funds of \$245,163 and reprogramming of \$166,000.

c/ Reflects prior year funds of \$251,601 and a reprogramming of \$289,895.

d/ Use of prior year balances of \$514,482 and reprogrammed funds of \$455,895.

e/ Use of FY 1996 unobligated balances of \$904,000 and FY 1995 obligated uncosted balances of \$1,690,000.

f/ Reflects additional FTE transferred from Alaska Power Administration.

### Public Law Authorizations:

Pub. Law 78-534, Flood Control Act of 1944

Pub. Law 95-91, DOE Organization Act of 1977, Section 302

Pub. Law 102-486, Energy Policy Act of 1992

**SOUTHWESTERN POWER ADMINISTRATION**

**PROGRAM FUNDING BY SITE**

	FY 1996 Current <u>Appropriation</u>	FY 1997 Original <u>Appropriation</u>	FY 1997 Adjustments	FY 1997 Current <u>Appropriation</u>	FY 1998 Budget <u>Request</u>
<u>Laboratory/Plant/Installation</u>					
Southwestern Power Administration	\$ 30,702	\$ 27,804	\$ 0	\$ 27,804	\$ 26,500
Subtotal	\$ 30,702 <u>a/</u>	\$ 27,804	\$ 0	\$ 27,804	\$ 26,500
Adjustment	\$ (970) <u>b/</u>	(2,594) <u>c/</u>	\$ 0	\$ (2,594) <u>c/</u>	\$
TOTAL	\$ <u>29,732</u>	\$ <u>25,210</u>	\$ <u>0</u>	\$ <u>25,210</u>	\$ <u>26,500</u>

a/ Reflects Congressional reduction of \$46,000.

b/ Use of prior year balances of \$514,482 and reprogrammed funds in the amount of \$455,895.

c/ Use of FY 1996 unobligated balances of \$904,000 and \$1,690,000 obligated uncosted balances.

## **SOUTHWESTERN POWER ADMINISTRATION**

### **OPERATIONS AND MAINTENANCE**

#### **I. Mission Supporting Goals and Objectives**

This activity fulfills the requirements of Section 5 of the Flood Control Act to market and deliver reliable hydroelectric power in a clean and environmentally safe, cost-effective manner, in a six-State regional area from 24 multi-purpose Federal power projects operated by the U.S. Army Corps of Engineers.

As of September 30, 1996, Southwestern's cumulative repayable Federal investment, including replacements, is expected to be \$1,030,000,000. Based on preliminary financial statements, approximately \$381,100,000 is expected to be repaid, in addition to \$588,400,000 in interest. FY 1996 gross revenue production was \$80,678,000.

Estimates provided in this activity represent projected costs for service contracts, technical services, equipment, materials and supplies used in direct support of the operations and maintenance of the interconnected power system. In FY 1996, this activity includes those costs and accomplishments that are continued in FY 1997 and FY 1998 in the Program Direction activity.

#### **II. Funding Table:**

<u>Program Activity</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>\$ Change</u>	<u>% Change</u>
Operations and Maintenance	<u>\$20,851</u>	<u>\$ <del>22,382</del></u>	<u>\$ -411</u>	<u>-14.7</u>	
Total, Operations and Maintenance	<u>\$20,851</u>	<u>\$ <del>22,382</del></u>	<u>\$ -411</u>	<u>-14.7</u>	

III. Performance Summary:

Planned Accomplishments	FY 1996	FY 1997	FY 1998
Power Marketing - Provides for the negotiation and administration for sale of power, the development of wholesale power rates, and technical and economic studies for general transmission planning and generation resource planning.	\$2,439	\$350	\$311
<ul style="list-style-type: none"> <li>Participate in ongoing negotiations for 30 long term power sales and/or reserved capacity contracts, which expire in 1997. In addition, Southwestern will implement renewals or new contracts for approximately 50 short-term transmission contracts during this period, of which approximately 30 will expire in 1997. Complete approximately 45 new power marketing contracts for power sales or for transmission and other related services. Over 90 meetings will be held with power customers throughout the marketing region to discuss contract and other power marketing issues .</li> <li>Perform the annual power repayment and rate analysis on Southwestern's three rate systems to assure recovery of all operating costs and the Federal investment through rates charged for Federal power and energy.</li> <li>Conduct technical studies in transmission planning and protective relaying, environment, safety and health, water resources, communication, and maintenance in support of Southwestern's activities in operations, environment, and maintenance.</li> </ul>			
Operations - Provides for the scheduling and operations of the power system and power billing and collecting activities and development and implementation of operational arrangements with competing water uses.	\$1,768		
<ul style="list-style-type: none"> <li>Continue to refocus resources to accommodate the competitive markets brought about by deregulation of the electric utility industry. Develop flexible arrangements for providing as-available transmission service, which includes contracts with more than 20 power marketers resulting in lower power rates and more competition in Southwestern's marketing area.</li> </ul>			

<ul style="list-style-type: none"> <li>• Participate in 24 planned meetings with representatives of water use interests to develop water management parameters to assure the continued viability of hydroelectric power production and accommodate, to the extent practicable, the desires of a diverse community of water users, including water supply, navigation, agriculture, recreation, tourism, and wild life. Develop a competing uses brochure and make presentations to various water resource user groups to educate and inform them regarding competing uses.</li> <li>• Actively participate in the White River Dissolved Oxygen Committee, the Lake Texoma Advisory Committee, the White River Ad Hoc Work Group, and other groups to assure hydropower interests are incorporated into operating plans developed with Federal and State agencies, as well as other interest groups.</li> <li>• Contract with the Tennessee Valley Authority to develop alternatives and studies to improve dissolved oxygen levels below Table Rock and Norfolk. Work with TVA on studies they are conducting for the same purpose at Tenkiller and Bull Shoals. Continue to alter generation patterns to protect downstream fisheries at most projects, including limiting generation rates at Bull Shoals, Norfolk, Table Rock, and Tenkiller to increase dissolved oxygen levels and providing hydropower releases at Broken Bow and all White River projects to maintain sufficient cold water for the fisheries.</li> <li>• Continue to implement the accessory applications of the SCADA system and continue to explore innovative services for customers to take advantage of new competition in the market.</li> <li>• Upgrade the database system for tracking and reviewing power system incidents to identify and minimize the preventable causes of incidents and enable continual process improvement in areas related to system reliability.</li> </ul>			
Maintenance - Provides for day-to-day maintenance of Southwestern's communication facilities of 46 radio/microwave sites, 24 substations, and 1,380 miles (2,220 kilometers) of high voltage transmission lines.	\$7,485	\$2,443	\$2,071



<ul style="list-style-type: none"> <li>• Substation Maintenance: Complete and improve on the Maintenance Management Information System (MMIS) planned preventive maintenance of 24 substation and 46 radio/microwave sites, involving station inspections and internal and external maintenance of power circuit breakers and power transformers. Work includes replacement of six oil circuit breakers with gas circuit breakers and replacement of 13 substation and 14 microwave lead acid battery banks with gel-cell batteries. Continue installation of replacement electrical equipment to improve system reliability; complete essential general maintenance projects; and, dispose of 45 polychlorinated biphenyl (PCB) contaminated equipment items. Complete the remaining environmental audit response activities with focus on continued implementation of environmental programs and procedures.</li> <li>• Line maintenance: Purchase and replace an estimated 130 poles, 450 crossarms, 600 braces, and 1,700 insulators; implement a herbicide program as part of right-of-way clearing activities; completed an estimated 230 miles of planned right-of-way clearing; and install fiber optic cable.</li> <li>• Communication maintenance: Replacement and upgrade of microwave, SCADA, and other communication equipment will continue to provide increased system reliability, and reduce maintenance and equipment costs.</li> <li>• Complete the remaining environmental audit response activities with focus on continued implementation of environmental programs and procedures.</li> </ul>			
Administration and Management - Provides for administration and management activities required to accomplish Southwestern's mission.	\$9,159		
<ul style="list-style-type: none"> <li>• Reduce staffing by six percent below the allocated FTE level.</li> <li>• Reduce support service staff by 3.8 percent from the FY 1995 level.</li> <li>• Convert the Integrated Accounting System to current technology computing hardware and software.</li> <li>• Reduce payment processing by three to five days by implementing Treasury's Electronic Certification System, involving 99 percent of Southwestern's payments.</li> </ul>			

<ul style="list-style-type: none"> <li>• Expand electronic scanning and the optical storage process to other documents for record retrieval and storage thus reducing physical records storage requirements.</li> <li>• Complete installation of a Private Branch Exchange at the Tulsa office which will provide improved communications with field offices and reduce costs.</li> <li>• Continue to review and implement National Performance Review actions and reduce staffing levels accordingly. Implement policies relative to employee retraining/retention and cross-training.</li> <li>• Provide training in the concepts and practices of self-directed work teams, sexual harassment, and mandatory safety and environmental training.</li> <li>• Monitor specific performance goals in support of Southwestern performance-based measurement process.</li> <li>• Follow-up on process improvement actions suggested by customers in the FY 1995 customer survey.</li> <li>• Administer a wage survey to ensure pay equity with private utilities.</li> <li>• Implement the use of the Electronic Data Interchange, enabling Southwestern to conduct its small purchase procurement in a more efficient manner.</li> <li>• Establish policies and procedures for the management of uncosted funds.</li> </ul>			
Program Total	\$20,851	\$2,793	\$2,382

Significant Funding Changes from FY 1997 to FY 1998:

Operations and Maintenance: The decrease is due to a reduction of architect/engineering service contracts (\$166,000) in the power marketing and maintenance areas, elimination of GSA motor pool expenses (\$13,000), reduction of non-capitalized equipment such as chainsaws, drills, hydraulic lifts, etc (\$10,000), supplies such as bolts, clamps, insulators, paint, light bulbs, etc. (\$72,000), and a reduction in small service contracts such as vehicle maintenance, equipment repairs, and dozer services (\$150,000). (-\$411,000)

## **SOUTHWESTERN POWER ADMINISTRATION**

### **PURCHASED POWER AND WHEELING**

#### **I. Mission Supporting Goals and Objectives:**

This activity purchases energy as necessary to supplement hydroelectric generation to meet contractual obligations. System Support Requirements are non-discretionary energy purchases necessary to supplement hydroelectric generation to meet system contractual obligations for delivering Federal power and energy. Other Contractual Requirements involve the purchase of wheeling services for power and energy delivered to customers not directly connected to Southwestern's transmission system.

#### **II. Funding Table:**

<u>Program Activity</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>\$ Change</u>	<u>% Change</u>
System Support Requirements	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Contractual Requirements	<u>1,630</u>	<u>1,095</u>	<u>57</u>	<u>-1,038</u>	<u>- 95</u>
Total, Purchased Power and Wheeling	<u>\$1,630</u>	<u>\$1,095</u>	<u>\$ 57</u>	<u>\$-1,038</u>	<u>- 95</u>

III. Performance Summary:

Planned Accomplishments	FY 1996	FY 1997	FY 1998
System Support Requirements	\$0	\$0	\$0
<ul style="list-style-type: none"><li>Meet 100 percent of energy purchases (system support requirements) during average hydropower generation through the use of energy banks.</li></ul>	\$0	\$0	\$0
Other Contractual Requirements	\$1,630	\$1,095	\$57
<ul style="list-style-type: none"><li>Meet all power and energy obligations (other contractual requirements) required under contracts for sale of power and energy to utility customers.</li></ul>	\$1,630	\$1,095	\$57
Total Purchased Power and Wheeling	\$1,630	\$1,095	\$57

Significant Funding Changes from FY 1997 to FY 1998:

Other Contractual Requirements: Contractual arrangements with customers not directly connected to Southwestern's transmission system, that provide for wheeling expenses and power and energy delivered through other suppliers, will expire at the end of FY 1997. Under new arrangements, customers not directly connected to Southwestern's transmission system will provide for their own transmission needs. (- \$1,038,000)

## **SOUTHWESTERN POWER ADMINISTRATION**

### **CONSTRUCTION**

#### **I. Mission Supporting Goals and Objectives:**

This activity provides for the construction, modification, and replacement of transmission, substation, switching, and communication facilities which enable Southwestern to market Federal hydropower in compliance with Federal mandates in the most efficient and cost effective manner, and to meet operational criteria required of it as a member of the Southwest Power Pool, the regional electrical reliability authority. Southwestern is obligated to maintain and enhance power transmission system safety and reliability, thereby assuring continued safe, reliable delivery of power to preference customers; to encourage new initiatives for more effective use of existing regional generation resources; and to participate with non-Federal interests in joint transmission projects of benefit to the Government. In addition to appropriated funds, Southwestern will use reimbursable authority to fund system replacement projects that are beneficial to all its customers.

#### **II. Funding Table:**

<u>Program Activity</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>\$ Change</u>	<u>% Change</u>
Transmission System Replacements	\$7,413	\$6,021	\$5,987	- \$ 34	- .5
Transmission System Improvements	388	0	0	0	0
Capital Equipment Not Related to Construction <u>420</u>	<u>33</u>	<u>765</u>	<u>+ 732</u>	<u>+ 2,218</u>	
Total, Construction	<u><u>\$8,221</u></u>	<u><u>\$6,054</u></u>	<u><u>\$6,752</u></u>	<u><u>+ 698</u></u>	+ <u><u>11</u></u>

III. Performance Summary:

Planned Accomplishments	FY 1996	FY 1997	FY 1998
Transmission System Replacements	\$7,413	\$6,021	\$5,987
<ul style="list-style-type: none"> <li>Substation equipment replacements, such as circuit breakers (six in 1996, three in 1997 and three in 1998), disconnect switches (one site each in 1996, 1997, and 1998), instrument transformers (two sites in 1997), station service transformers (one site in 1997), revenue meters (telemetry) (ten in 1997, and ten in 1998), and grounding and surge protection (five sites in 1998) are planned to assure system reliability and reliable service to Southwestern's customers. System age linked with environmental concerns necessitates orderly replacement before significant problems develop.</li> </ul>	\$2,359	\$1,571	\$1,243
<ul style="list-style-type: none"> <li>Communication equipment replacements, such as microwave radio (three sites each year, 1996, 1997, and 1998), mobile radio (12 in 1997, and 21 in 1998), optical shield wire, (25 miles in 1996, 70 miles in 1997, and 201 miles in 1998) and terminal equipment (two sites in 1996, seven sites in 1997, and 11 sites in 1998) are planned to provide necessary improvements in system reliability and reduce maintenance and equipment costs.</li> </ul>	\$4,481	\$4,447	\$4,741
<ul style="list-style-type: none"> <li>Acquisition of a private branch exchange (PBX) system to provide more complete voice communications among all remote sites and headquarters and among the different types of communications equipment utilized by personnel working in remote areas. In addition to providing a better communications system for the different program activities at Southwestern, a substantial cost savings will accrue in both local and long distance services.</li> </ul>	\$198	\$0	\$0

<ul style="list-style-type: none"> <li>Emergency tornado repairs including total replacement of 15 complete structures on two separate lines. Special equipment purchased for transmission line right-of-way clearing, disconnect switch replacement, transformer modification, maintenance facilities modifications, and hazardous waste disposal.</li> </ul>	\$345	\$0	\$0
<ul style="list-style-type: none"> <li>Land expense includes the research on title deeds and easements in order to facilitate the acquisition of land or rights-of-way for construction or maintenance activity involving the transmission system. In 1996 the increase in land acquisition costs resulted from the acquisition of two access roads, additions to a radio station, a substation, and a temporary pole yard lease.</li> </ul>	\$30	\$3	\$3
Transmission System Improvements	\$388	\$0	\$0
<ul style="list-style-type: none"> <li>Upgrade and expand existing sites such as the Carthage Substation, Water Valley Switching Station, and the Gore Maintenance Office to ensure that Southwestern's contract commitments are met, and the transmission system continues to function in a safe, environmentally responsible, and reliable manner.</li> </ul>	\$388	\$0	\$0
Capital Equipment not related to construction	\$420	\$33	\$765
<ul style="list-style-type: none"> <li>Replace vehicles, tractors, trailers, and heavy equipment used for maintenance and repair of transmission system equipment and facilities. Replaced 17 vehicles in FY 1996, one vehicle in FY 1997, and 11 vehicles in FY 1998 including special purpose vehicles. Replacements are based upon DOE and GSA usage and replacement guidelines.</li> </ul>	\$420	\$33	\$765
Program Total	\$8,221	\$6,054	\$6,752

Significant Funding Changes from FY 1997 to FY 1998:

Capital Equipment Not Related to Construction: According to DOE and GSA usage and replacement guidelines, aging vehicles are scheduled to be replaced.

(+ \$732,000)



## **SOUTHWESTERN POWER ADMINISTRATION**

### **PROGRAM DIRECTION**

#### **I. Mission Supporting Goals and Objectives**

Southwestern's Program Direction activity provides compensation and all related expenses for 189 Federal, Full-Time-Equivalents (FTE) who operate and maintain Southwestern's high-voltage interconnected transmission system and associated facilities and who plan, design, and supervise the construction of replacements, upgrades, and additions (capital investments) to the transmission facilities. Also included are personnel who negotiate and administer power marketing contracts, develop wholesale power rates, develop and implement operational arrangements with competing water users, schedule and deliver power to preference customers, implement environment, safety, and health programs, and provide for general administration and management. These employees include, but are not limited to, civil, electrical, and electronic engineers; high voltage linemen and electricians; power dispatchers; public utility specialists; environmental and safety specialists; and administrative staff.

Southwestern operates and maintains the transmission system to ensure an adequate supply of reliable energy in a clean and environmentally-safe, cost-effective manner throughout its six-State regional area. Southwestern efficiently markets Federal hydropower by optimizing the use of the hydropower resource while balancing competing user needs, and maximizing the revenues gained from non-firm energy sales and transmission system usage. Southwestern achieves continuity of service by maintaining its power system at or above industry standards, rapidly restoring service following any system disturbances and mitigating adverse environmental impacts.

Program direction has been grouped into four categories:

Salaries and Benefits provides funding for wages, cost-of-living increases, overtime, holiday and premium pay, and incentive awards. Also includes Southwestern's share of employee retirement, health and life insurance, workers' compensation for on-the-job injuries, Federal Insurance Contribution Act taxes, and Federal retirement contributions. Benefits also include relocation expenses related to permanent change of duty station, and payments for voluntary separation incentive.

Travel includes funding for the transportation of Government employees, per diem allowances, and incidental expenses incurred in the day-to-day performance of job responsibilities, including operation and maintenance of Southwestern's geographically dispersed high voltage transmission system.

Support Services includes funding for contract services which include automated data processing, drafting, and general administrative support.

## PROGRAM DIRECTION (Cont'd)

Other Related Expenses include funding for rental space, telecommunications, utilities and miscellaneous charges, printing and reproduction, training tuition fees, maintenance and repair of office equipment, supplies, materials, and non-capitalized equipment.

### II. Funding Table:

Program Direction (dollars in thousands)	<u>FY 1996</u> Current Appropriation	<u>FY 1997</u> Original Appropriation	<u>FY 1997</u> Adjustments	<u>FY 1997</u> Current Appropriation	<u>FY 1998</u> Budget Request
Salaries and Benefits	\$ 0	\$ 13,417	\$ 0	\$13,417	11,995
Travel	0	1,044	0	1,044	1,010
Support Services	0	1,970	0	1,970	1,970
Other Related Expenses	<u>0</u>	<u>1,431</u>	<u>0</u>	<u>1,431</u>	<u>2,334</u>
TOTAL	<u>\$ 0</u>	<u>\$17,862</u>	<u>\$ 0</u>	<u>\$17,862</u>	<u>\$17,309</u>
Full-Time Equivalents	185	193	0	193	189

The amounts included in Program Direction represent all salaries and benefits, all travel expenses and related personnel costs for Operations and Maintenance and Construction activities. It should be noted that this value represents not only Southwestern Administrative and/or Overhead expenses but includes direct program activity costs associated with FTE usage.

The FY 1996 Program Direction funds were budgeted in Operation and Maintenance and Construction program activities.

### III. Performance Summary:

#### Salaries and Benefits:

Southwestern has developed and begun the initial implementation of its strategic staffing and organizational design plan called Organization 2000+ . The full implementation will combine three major organizational components into two, close one field installation, eliminate seven supervisory positions, and reduce overall staffing by 35.5 positions. Southwestern's staff is responsible for the marketing and transmission of Federally produced power in a six-State area consisting of Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas. Southwestern sells wholesale power to preference customers which include rural electric cooperatives, municipalities, and to Federal and State agencies. Southwestern's responsibilities include the operation and maintenance of over 1380 miles (2,220 kilometers) of transmission lines, 24 substations, 46 radio/microwave sites, and other associated power facilities.

FYPY

FYCY

FYBY

\$0

\$13,417

\$11,995

#### Travel:

Travel associated with the operation and maintenance of the transmission facilities continues at approximately the same level. Other travel needs have been reduced but reduction in staff with subsequent loss of expertise has caused the need for additional travel related to training.

\$0

\$1,044

\$1,010

#### Support Services:

The investment in support services continues to assure program support for Southwestern in the areas of word processing, records management, mail management, public affairs, computer programming, and data processing. Initiated support service contract reductions in accordance with Secretarial Initiative. Public Affairs costs were decreased and savings achieved through improvements in our process for publicizing documents. Records management improvements continue with the advent of imaging for management of official records.

\$0

\$1,970

\$1,970

Other Related Expenses:

The activity which makes up this category supports Southwestern in the areas of rental space, telecommunications, utilities, printing, training tuition fees, supplies, materials, and non-capitalized equipment. Additional communication equipment and related training for the Supervisory Control and Data Acquisition (SCADA) system will provide better capabilities for the operation and maintenance of the transmission system. The acquisition of a Personnel Security Card System will provide greater security for personnel and property.	\$0	\$1,431	\$2,334
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Significant Funding Changes from FY 1997 to FY 1998:

Salaries and Benefits: Reductions in FTE with a related reduction in relocation expenses decreases salaries and benefits. (- \$1,422,000)

Other Related Costs: Increase reflects the acquisition of a Personnel Security Card System for greater security measures, additional communication equipment and related training for the Supervisory Control and Data Acquisition (SCADA) system, and replacements to obsolete agency equipment such as computers, printers, software, and related items. (+ \$903,000)

**SOUTHWESTERN POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET REQUEST**

<b>SUPPORT SERVICES</b>	<b>FY 1996 (\$000)</b>	<b>FY 1997 (\$000)</b>	<b>FY 1998 (\$000)</b>	<b>FY 1998/FY 1997 CHANGE (\$000)</b>
<b>Technical Support Service</b>				
<b>Drafting and Design Support</b>	0	90	90	0
<b>Environmental and Engineering     Support</b>	0	324	255	(69)
<b>Subtotal</b>	0	414	345	(69)
<b>Management Support Services</b>				
<b>Clerical /Records Management</b>	0	120	267	147
<b>ADP Support</b>	0	1, 436	1, 358	(78)
<b>Subtotal</b>	0	1, 556	1, 625	0
<b>Total Support Services</b>	\$0	\$1, 970	\$1, 970	\$0

- **Other Related Expenses:** Net increase of \$903 in Other Related Expenses reflects the acquisition of a Personnel Security Card System for greater security measures, additional communication equipment and related training for the Supervisory Control and Data Acquisition (SCADA) system, and replacements to obsolete agency equipment such as computers, printers, software, and related items.

<b>OTHER RELATED EXPENSES</b>	<b>FY 1996 (\$000)</b>	<b>FY 1997 (\$000)</b>	<b>FY 1998 (\$000)</b>	<b>FY 1998/FY 1997 CHANGE (\$000)</b>
Training	0	12	162	150
Working Capital Fund	0		55	55
Printing and Reproduction	0	136	137	1
Rental Space	0	702	650	(52)
Software Procurement/Maintenance Activities/Capital Acquisitions	0	306	1,029	723
Other	0	275	301	26
<b>Total Obligational Authority</b>	<b>0</b>	<b>1,431</b>	<b>2,334</b>	<b>903</b>
Use of Prior-year Balances	0	0	0	0
<b>Total Budget Authority</b>	<b>\$0</b>	<b>\$1,431</b>	<b>\$2,334</b>	<b>\$903</b>

Department of Energy  
 FY 1998 Budget Request  
 Southwestern Power Administration  
 (dollars in thousands)  
 FY 1996 Comparability Matrix

New Structure

FY 1996 CURRENT STRUCTURE		Operations and Maintenance	Purchased Power and Wheeling	Construction	Program Direction	Total
	Operations and Maintenance	\$3, 795			\$17, 056	\$20, 851
	Purchased Power and Wheeling		\$1, 630			\$1, 630
	Construction			\$7, 583	\$638	\$8, 221
	TOTAL	\$3, 795	\$1, 630	\$7, 583	\$17, 694	\$30, 702

Department of Energy  
FY 1998 Budget Request  
Southwestern Power Administration  
(dollars in thousands)  
FY 1997 Comparability Matrix

New Structure

FY 1997 CURRENT STRUCTURE		Operations and Maintenance	Purchased Power and Wheeling	Construction	Program Direction	Total
	Operations and Maintenance	\$2, 793			\$16, 936	\$19, 729
	Purchased Power and Wheeling		\$1, 095			\$1, 095
	Construction			\$6, 054	\$926	\$6, 980
	TOTAL	\$2, 793	\$1, 095	\$6, 054	\$17, 862	\$27, 804



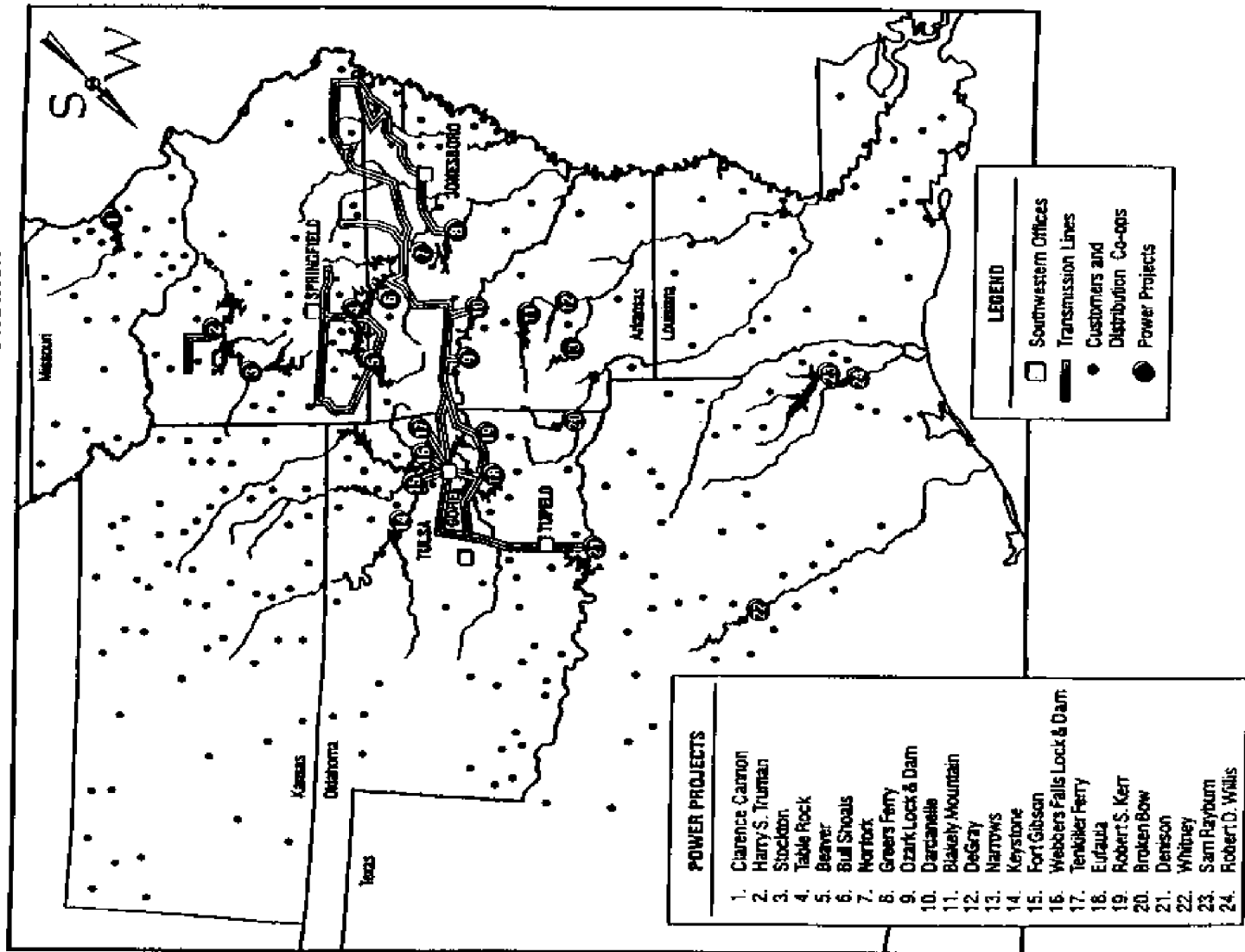
Department of Energy  
FY 1998 Budget Request  
Southwestern Power Administration  
(dollars in thousands)  
FY 1998 Comparability Matrix

New Structure

FY 1998 CURRENT STRUCTURE		Operations and Maintenance	Purchased Power and Wheeling	Construction	Program Direction	Total
	Operations and Maintenance	\$2, 382				\$2, 382
	Purchased Power and Wheeling		\$57			\$57
	Construction			\$6, 752		\$6, 752
	Program Direction				\$17, 309	\$17, 309
	TOTAL	\$2, 382	\$57	\$6, 752	\$17, 309	\$26, 500

# FY 1998 CONGRESSIONAL BUDGET REQUEST

## TRANSMISSION SYSTEM MAP SOUTHWESTERN POWER ADMINISTRATION



SOUTHWESTERN POWER ADMINISTRATION

[illegible]

**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST**

**SYSTEM STATISTICS**

**SOUTHWESTERN POWER ADMINISTRATION**

	<b><u>1996</u> <u>ACTUAL</u></b>	<b><u>1997</u> <u>ESTIMATE</u></b>	<b><u>1998</u> <u>ESTIMATE</u></b>
<b>GENERATING CAPACITY:</b>			
INSTALLED CAPACITY (KW)	2, 157, 800	2, 157, 800	2, 157, 800
PEAK CAPACITY (KW)	2, 092, 500	2, 092, 500	2, 092, 500
<b>GENERATING STATIONS:</b>			
GENERATING PROJECTS (NO.)	24	24	24
SUBSTATIONS/SWITCHYARDS (NO.)	24	24	24
SUBSTATIONS/SWITCHYARDS (KVA CAPACITY)	1, 026, 900	1, 026, 900	1, 026, 900
<b>AVAILABLE ENERGY:</b>			
ENERGY GENERATED (MEGAWATT- HOURS)	3, 187, 956	5, 160, 000	5, 162, 300
ENERGY RECEIVED (MEGAWATT- HOURS)	100, 111	231, 300	215, 500
ENERGY AVAILABLE FOR MARKETING (MEGAWATT- HOURS)	3, 288, 067	5, 391, 300	5, 377, 800
<b>TRANSMISSION LINES (CIRCUIT MILES):</b>			
161 KV	1, 119	1, 119	1, 119
138 KV	164	164	164
69 KV	99	99	99
<b>TOTAL CIRCUIT MILES</b>	<b>1, 382</b>	<b>1, 382</b>	<b>1, 382</b>

**DEPARTMENT OF ENERGY  
1998 CONGRESSIONAL BUDGET REQUEST  
POWER MARKETING, WHEELED, OR EXCHANGED BY PROJECT**

**SOUTHWESTERN POWER ADMINISTRATION**

PROJECT	STATE	NO. OF PLANTS	INSTALLED CAPACITY (KW)	1996 ACTUAL ENERGY (GWH)	1997 ESTIMATED ENERGY (GWH)	1998 ESTIMATED ENERGY (GWH)
<b>POWER MARKETING</b>						
(INTERCONNECTED SYSTEM)	MISSOURI	4	463,200	957	1,810	1,806
	ARKANSAS	9	1,021,100	851	999	996
	OKLAHOMA	7	514,100	976	1,082	1,079
	TEXAS	2	100,000	512	713	711
	LOUISIANA			292	307	306
	KANSAS			353	328	328
SUBTOTALS		22	2,098,400	3,941	5,239	5,226
<b>ISOLATED</b>						
ROBERT D WILLIS PROJECT 1/						
SAM RAYBURN PROJECT	TEXAS	2	59,400	45	76	76
50% TO TX; 50% TO LA	LOUISIANA			45	76	76
SUBTOTALS		2	59,400	90	152	152
TOTAL, POWER MARKETING		24	2,157,800	4,031	5,391	5,378
<b>POWER WHEELED AND EXCHANGED</b>						
WHEELED (MW)						
EXCHANGED (GWH)				583	497	504
				805	118	139

1/ FORMERLY TOWN BLUFF PROJECT, ON-LINE DATE, DECEMBER 1, 1989

DEPARTMENT OF ENERGY  
1998 CONGRESSIONAL BUDGET REQUEST

PENDING LITIGATION

SOUTHWESTERN POWER ADMINISTRATION

<u>Nickle v. O' Leary.</u>	Case No. 95-C-215-B (D.Okla.) filed March 7, 1995), sexual discrimination action filed March 7, 1995. Jury verdict for United States entered June 7, 1996. Appeal filed June 11, 1996. Case No. 96-5169 (10th Cir.).
<u>Vanover v. O' Leary.</u>	Case No. 95-CV-916-K (D.Okla.) an age discrimination case filed September 13, 1995, seeking \$300,000 for non-pecuniary losses, retroactive promotion denied, attorney fees and costs. Jury trial set for November 18, 1996.
<u>Vanover v. O' Leary.</u>	Case No. 96-CV-1103-B (D.Okla.), a case alleging wrongful discharge filed November 12, 1996, seeking reinstatement and retroactive pay of back pay benefits and payment of front pay, compensatory damages, attorney fees and costs. This case is expected to consolidated with Case No 95-CV-916-K (D.Okla.) and set for jury trial May 19, 1997.
<u>Cajun Electric Power Cooperative, Inc.</u>	Case No. 94-2763-B2, Bankruptcy Case No. 94-11474 (Bankr., M D., La). Several competing reorganization plans are under consideration before the Bankruptcy Court.